

Appendix D: Cook Inlet Stakeholders Recommendations

October 22, 1997

Commissioner John Shively
Department of Natural Resources
3601 C Street Anchorage, AK 99503

Dear Commissioner Shively:

We were appointed as stakeholder representatives to participate in a facilitated mediation process with each of us representing one or more parties with specific interests associated with the Cook Inlet Area Wide Lease Sale scheduled to occur in 1999.

There was significant public participation in the process ranging from public access to all our deliberations and negotiations. Participants were also interviewed by local media. We also participated in four public meetings in Wasilla on September 22, Anchorage on September 23, Soldotna on September 24, and Homer on September 25. Public testimony was taken in each public meeting,

Ground rules were established in advance of the process with consensus required for any recommendations presented as work product from our efforts. Staff from DNR, DEC, and F&G participated as well as Mayor Navarre, Mayor Williams, and Mayor Cushing. Senators Pearce, Parnell, and Torgerson as well as Speaker Phillips had representatives at one or more public meetings. The assistance of your staff and other state employees was appreciated, as was your own commitment of time and effort throughout the entire process.

Our discussions and exchange of information resulted in a number of consensus recommendations that are enclosed as Attachment A to this letter. We understand that these consensus items will be implemented by your Department.

We had meetings over a two week period to address concerns raised by stakeholders and the public. Consequently, the fact that we did not reach consensus on some issues does not necessarily mean these issues cannot be resolved. Please also know that despite the time constraints, we feel we made progress and believe our recommendations will improve future lease sale practices as well as the public's confidence in the process.

Stakeholder Representatives

Ken Castner, Homer
Commercial Fishing

Jim Golden, Soldotna
Sportfishing Association

Al Hastings, Anchorage
CIRI Native Corporation

Stefanie Gorder, Kenai
Tourism Industry

Emil McChord, Jr., Tyonek/Anchorage,
Native Tribal Councils

Peter Van Tuyn, Anchorage
Trustees for Alaska, Environmental groups

Kevin Tabler, Anchorage
Unocal, Alaska Oil and Gas Association

Sandy Otto, Palmer
Private land owner

Joette Storm, Anchorage
Private land owner

Charles Quarre, Sterling
Private land owner, Kenai River Property Owners
Association, Kenai River Watershed Forum

Bill Stamps, Kenai
Alaska Support Industry Alliance

Attachment A to Letter Dated October 22, 1997 to Commissioner Shively

1. **Review of efforts to date in implementation of recommendations of Stakeholder Representatives for Lease Sale 85 A dated February 25, 1997.**
 - A. The State has taken action on each of the ten recommendations presented by the Stakeholders from Lease Sale 85A.
 - B. These actions have included implementation of the lease sale communications recommendations, seismic communications, river surface entry offset, and convening the stakeholder process for the Cook Inlet Area Wide Sale;
 - C. Items initiated but not completed include implementation of engineering standards for new production facilities, water quality monitoring, and recommendations for tax credits for water quality sampling and recognition for exceeding environmental requirements;
 - D. The recommendations for a modification of leasing strategy objectives have been accepted and will appear in the next five year plan; and
 - E. Additional work was required on the structure of the mitigation measures and was considered in the Area Wide Stakeholders' process.
2. **DNR Communications with the public and with property owners in the lease sale area.** The intent of these recommendations is not to tell DNR how to conduct its internal review but rather provide suggestions on areas to be investigated within the existing budget. Additionally, the intent is not to rephrase or reword notices, but to concentrate on delivery.
 - A. DNR to make a good faith/best effort to conduct an internal review of current notice and community outreach programs. The review should include:
 - i. Cost of effective advertising - are dollars spent maximized for greatest impact?;
 - ii. Change the mind set in communications - not purely "notice" but "advertising" targeted toward soliciting participation;
 - iii. Investigate working with available media to take advantage of alternative and free forums;
 - iv. Multimedia applications (radio, newspapers. and examining other media).
 - v. Communicate with Trade Associations, Chambers of Commerce, Homeowner Associations and other groups to exchange communications;
 - vi. Speaker bureau participation;
 - vii. Improve use of the State Public Information Office including having a person available to answer questions and establish an 800 number for the public,
 - viii. Conduct public "informational marketing" to continue the education process;
 - ix. DNR should be more sensitive to the way in which they phrase verbiage contained in announcements and notices; and
 - x. Establish a tracking effort to enable evaluation of the relative effectiveness of options employed.
 - B. The Director of Oil and Gas to report to the Commissioner pertaining to courtesy notices of Plans of Operations to adjacent property owners. (What did the Division of Governmental Coordination and Borough put in place to accomplish this?)
 - C. Although DNR has revised their Lease/Unit Plan of Operations Application to include an insert of the appropriate Lessee / Surface Owner interaction statutes and regulations, it is recommended the siting of general stipulation (10) of I I A A C 96.140 (found at the end of the insert) be moved to the top of the insert. Redesign of the insert would emphasize the positive aspects of good-faith attempts of conflict resolution rather than focus on the worst case scenario contemplated by the Statute.
 - D. DNR is acknowledged for stepping up its communications efforts and for implementing what was recommended by the 85A Stakeholder Representatives.

- E. Conducting Effective Public Hearings. Within the constraints of the Administrative Procedures Act, the Stakeholders recommend that when DNR conducts public hearings they adopt a "hearing panel" approach, utilizing experts from appropriate state agencies and the community as panel members.

3. Mitigation Measures

- A. There should be a preamble to the Best Interest Finding that explains the phases of the process and the opportunities for additional information and public comment.
- B. The preamble to the-Best Interest Finding should include notice to the public of their responsibility to tell DNR of their desire to be notified of subsequent activities.
- C. Advise DNR to change the presentation of Mitigation Measures and distinguish those that provide opportunity for exemption from those that do not.
- D. Exceptions to Mitigation Measures. For mitigation measures and lessee advisories that are within ADNR's authority, the Lessee may request, and the Director of DOG, may grant exceptions if compliance with the mitigation measure is not feasible, prudent, or an equal or better alternative is offered. Requests and justifications for exceptions must be included in the Initial Plan of Operations when one is required. The decision whether to grant an exception will be based on review of the Plan of Operations by the public and in consultation with appropriate state resource agencies. Critical habitat areas and state game refuges are jointly managed by ADNR and ADF&G, exceptions to mitigation measures in these areas must be agreed to by both agencies.

4. Policy on Surface Entry Offsets - Private Property.

- A. Following issuance of a lease, DNR is to notify all land owners within 1/2 mile of a planned lease action. Information provided in the announcement should include responsibility and rights of landowner and procedure to follow to ask for reconsideration by the Commissioner and how to qualify and proceed as an aggrieved party;
- B. DNR will make a good faith effort to notify affected landowners and those landowners cornering or contiguous that a Plan of Operations has been filed on the property;
- C. Permission must be sought from a land owner before entry onto the owner's private lands for inspection. The State shall provide the land owner with information as to his/her options as to course of action in the event of damages to the property;
- D. The surface land owner should be advised that he/she may request a plan of operation from the lessee,
- E. Recommend to Division of Oil and Gas to address appropriate aesthetic appeal of permanent structures that is compatible with the surrounding area. In the absence of local planning and zoning; and
- F. Structures placed in proximity to residences Will be done after consultation with the affected property owner.

- 5. **Initial Public Comment Period.** The initial comment period for the Preliminary Best Interest Finding for the Cook Inlet Area Wide lease sale should be extended from the current 60 days to 90 days. The 90 day comment period is applicable to the initial lease sale and not to the subsequent sales that take place during the 10 year period- The extension of comment period is also conditioned on the expectation that the extension does not delay the scheduled date of the lease sale.

- 6. **Local Hire.** Local Alaska hire is an important Issue. The Stakeholder representatives urge DNR to aggressively promote local hire to the extent permissible under law.

7. Mapping.

- A. We recommend that, utilizing available databases, DNR's maps should depict geographic information and subsurface ownership so that a person can reasonably determine whether or not his/her property or

an area of public interest may be included in a lease sale. Specific inserts would be provided to cover the three major populated areas, Anchorage, Mat-Su, and Kenai Peninsula. It is not recommended that DNR be expected to do a title search in preparation of these maps but will use their best judgment in determining the level of detail to be included.

- B. The mapping shall be completed and available to the public when the preliminary best interest findings are presented;
 - C. The map should include the area's significant landmarks, including major roads, streams, and lakes;
 - D. There is an expectation that improvements to the mapping process will continue beyond the completion of the objectives defined in this recommendation.
 - E. DNR modify the maps to show all legislatively designated management areas (LDA's). Areas such as Parks, Critical Habitat Areas, Refuges and sanctuaries should be identified on the map. For each of these areas, show those lands where surface entry restrictions exist and those lands not eligible for leasing.
8. **Financial Responsibility.** The Stakeholders request DNR to determine if the leases address the financial responsibility for field abandonment, remediation or cleanup.
9. **Future energy needs.** In recognition of the limits of current supplies of natural gas in the Cook Inlet Area, and of the expressed concern of the public for energy conservation measures, the stakeholders recommend the State of Alaska, concurrent with encouraging exploration and development of oil and gas resources, also encourage conservation measures to reduce hydrocarbon emissions and encourage research with regard to alternative energy sources.
10. **Water Resources.** The Stakeholder group is in agreement that water resources in Cook Inlet and the State of Alaska are of such critical importance to the health and economic well being of the citizens that the State shall immediately fund a data management project which compiles existing watershed data for the purpose of addressing the health of critical watersheds in the Cook Inlet and Prince William Sound areas. We urge the Exxon Valdez Oil Spill Trustees Council (EVOS) to consider funding this project. We also recommend that the Commissioner take this recommendation directly to the State representatives on EVOS.
11. **Water Quality Monitoring Tax Credit.** The Stakeholders wish to emphasize their support for the 85A stakeholders recommendation with regard to a water quality monitoring tax credit. Additionally, the Stakeholders agree the legislation should provide for the following:
- A. Credit up to \$100,000 per entity, applied against Alaska Corporate Net Income Tax (AS 43.20) on an annual basis;
 - B. Credit will be "revenue-neutral";
 - C. Project activities must be beyond compliance obligations;
 - D. No problem with the five year sunset;
 - E. Project must be approved by an independent group comprised of different disciplines; and
 - F. Although intended to specifically enhance the quantity and quality of water quality data in the Cook Inlet watershed, the Stakeholders have no objection to the credit being made available to entities statewide for projects conducted statewide.
12. **Existing Oil and Gas Development.** The Stakeholders agree that one factor relevant to a cumulative effects analysis is to examine the historical pattern of oil and gas exploration and development in the area covered in the Cook Inlet Area Wide Sale.